

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

April 24, 2014

PUBLIC SESSION

A monthly meeting of the Board of Directors (the “Board”) of the Small Business Loan Fund Corporation (the “Corporation”) was held in public session at the offices of the Rhode Island Commerce Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on Thursday, February 27, 2014, scheduled for 9:30 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by the By-Laws of the Corporation and by Rhode Island General Law 42-46-6.

The following Directors were present and participated throughout the meeting: Mr. Raymond Fogarty, Mr. Joseph Monteiro, Mr. John Pagliarini, Ms. Yahaira Placencia, Mr. Lee Mercer, Mr. Richard DeMerchant, and Ms. Antonieta Falconi.

The following Directors were absent: None

Also present were: Mr. William Ash, Director of Financial Services for the Rhode Island Commerce Corporation, Ms. Stacy Farrell, Corporation Secretary, Mr. Daniel Price, Corporation Administrator, Ms. Denise Barge, Corporation Staff, Mr. Marcel Valois, Executive Director of the Rhode Island Commerce Corporation, Mr. Christopher Cannata, Manager of Client Services for the Rhode Island Commerce Corporation, and Mr. Tom Moses, Esq., Moses Afonso Ryan Ltd.

Mr. Fogarty presided over the meeting.

1. Call to Order.

Mr. Fogarty called the meeting to order at 9:35 a.m.

Upon commencement of the meeting Mr. Fogarty asked that everyone introduce themselves as there were two new Board members in attendance. Members introduced themselves and welcomed Ms. Falconi and Mr. Mercer to the Board.

2. Approval of the Minutes of the Meeting held on February 27, 2014

The first item to come before the Board was approval of the Minutes of the Board meeting held on February 27, 2014. A motion was duly made by Ms. Placencia and seconded by Mr. DeMerchant, to approve the Public and Executive Session Minutes of the meeting noted above was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Ms. Placencia, and Mr. DeMerchant.

The following Directors voted against the foregoing: None

The following Directors abstained from voting as they were not present at the February 27th meeting: Mr. Monteiro, Mr. Fogarty, Ms. Falconi and Mr. Mercer.

3. Maintain the Executive Minutes of the February 27, 2014 meeting as Confidential

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on February 27, 2014. Upon motion duly made by Ms. Placencia and seconded by Mr. DeMerchant, the motion to maintain the confidentiality of the Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Ms. Placencia, Mr. Monteiro, Mr. Fogarty, Mr. DeMerchant, Mr. Mercer and Ms. Falconi.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: None

4. Report of Cash Position as of March 31, 2014

Staff asked if there were any questions or comments regarding the Cash Report for the period ended March 31, 2014 (Exhibit A). Mr. Price indicated the commitment to Contech Research would be funding within the next week. There was no further discussion regarding this report.

5. Delinquency Loan Report as of April 17, 2014

Mr. Fogarty asked if there were any questions regarding the Loan Delinquency report dated April 17, 2014 (Exhibit B). Mr. Ash noted that further discussion could take place in Executive Session regarding any legal action to be taken against delinquent Borrowers. It was also noted that staff would be recommending charge off the loans to RIBCO and NAIAD at this meeting.

6. SBLFC Amended By-laws

Mr. Moses stated the Rhode Island Commerce Corporation board of directors had recently expanded the board of the SBLFC from five members to seven members. He noted the By-Laws for the Corporation were amended (Exhibit C) to reflect a quorum as being a majority of currently appointed board members rather than three members.

Upon motion duly made by Ms. Placencia and seconded by Mr. DeMerchant, the motion to accept the amended By-Laws was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Ms. Placencia, Mr. Monteiro, Mr. Fogarty, Mr. DeMerchant, Mr. Mercer and Ms. Falconi.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: None

7. Recommended Charge Offs

Mr. Ash noted that the charge off Memo before the Board (Exhibit D) had an additional substantiation Memo which would be addressed in Executive Session. He asked that the Board approve the charge offs as recommended. Upon motion duly made by Mr. Pagliarini and seconded by Mr. DeMerchant, the motion to approve the recommended charge offs as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Ms. Placencia, Mr. Monteiro, Mr. Fogarty, Mr. DeMerchant, Mr. Mercer and Ms. Falconi.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: None

Executive Session

Mr. Fogarty suggested that the Board move into Executive Session. Upon motion duly made by Ms. Placencia and seconded by Mr. DeMerchant, the motion to move the meeting into Executive Session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of Rhode Island, as amended, was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Ms. Placencia, Mr. Monteiro, Mr. Fogarty, Mr. DeMerchant, Mr. Mercer and Ms. Falconi.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: None

Public Session concluded and Executive Session began at 9:49 a.m.

8. Executive Session Vote Ratification

Mr. Fogarty called for ratification of the votes adopted during Executive Session. Upon motion duly made by Mr. Pagliarini and seconded by Ms. Placencia, the following votes were ratified:

- (a) To table the request from PW Enterprises, LLC for a \$500,000 loan subject to receipt of additional information as outlined in Executive Session.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Ms. Placencia, Mr. Monteiro, Mr. Fogarty, Mr. DeMerchant, Mr. Mercer and Ms. Falconi.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: None

- (b) To approve the request for settlement of the outstanding debt to Tobey Waste. The settlement amount would be \$150,000.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Ms. Placencia, Mr. Monteiro, Mr. Fogarty, Mr. DeMerchant, Mr. Mercer and Ms. Falconi.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: None

- (c) To confirm the loan denials of the following companies:

- Eagle Industries, Inc. - \$250,000
- Heavy metal Corp.- \$250,000

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Ms. Placencia, Mr. Monteiro, Mr. Fogarty, Mr. DeMerchant, Mr. Mercer and Ms. Falconi.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: None

9. Other Business

Mr. Monteiro addressed the Board regarding the status of Aidance Skincare and Topical Solutions, LLC. The SBLFC portion of the request was approved by the SBLFC Board at their February board meeting subject to SBA approval and was required to have Guarantors and collateral matching that of the Navigant Credit Union financing. Mr. Monteiro stated he had not yet received approval from SBA and needed to revise some of the terms including the loan amount and interest only period. He noted he would keep the Board apprised of the status of this request.

Adjournment

There being no further business to come before the Board, Mr. Fogarty called for a vote to adjourn the meeting. Upon motion duly made by Ms. Placencia and seconded by Mr. Monteiro, the motion to adjourn the meeting was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Ms. Placencia, Mr. Monteiro, Mr. Fogarty, Mr. DeMerchant, Mr. Mercer and Ms. Falconi.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: None

The meeting was adjourned at 11:05 a.m.

Respectfully submitted,

/s/ Stacy Farrell
Stacy Farrell, Secretary